

SECRET

OFFICE OF STRATEGIC SERVICES

LIQUIDATION BUDGET ESTIMATES

FISCAL YEAR 1946

No. 13

WASHINGTON - PERS-PERS-1
OSS ARCHIVES

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L I Q U I D A T I O N B U D G E T E S T I M A T E S

FISCAL YEAR 1946

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OFFICE OF STRATEGIC SERVICES

The Office of Strategic Services, originally constituted as the Office of the Coordinator of Information by Executive Order dated 11 July 1941, was established in its present form and transferred to the jurisdiction of the Joint United States Chiefs of Staff by Military Order of the Commander in Chief dated 13 June 1942, as modified by Executive Order dated 9 March 1943. Under the terms of the Military Order it is charged with the responsibility for collecting and analyzing strategic information and for planning and operating such special services as may be directed by the Joint United States Chiefs of Staff.

The responsibilities and duties of the Office of Strategic Services have been further defined by directives of the Joint United States Chiefs of Staff, the most notable of such directives being JCS 155/11/D, issued 27 October 1943. Specific directives are issued by the Joint United States Chiefs of Staff to cover special intelligence activities and strategic services operations.

The organization of the Office of Strategic Services has been derived from the requirements set forth in JCS 155/11/D and combines the general functions of Administration, Intelligence, Secret Operations, Technical Operations and Administrative Services. Basically, however, the Administrative, Technical Operations and Administrative Services provide essential

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specialized services to the Intelligence and Secret Operations groups.

With the cessation of hostilities in the European theatre, definite intelligence responsibilities were imposed on the agency by the requests of Theatre Commanders and by the continued requirements for intelligence necessary for the Allied Control Commission and for the Commanding General, U.S. Forces European Theatre. In addition, continued intelligence for various post hostilities activities of other government agencies was required as shown in the detailed statements following.

These detailed statements are summaries of many cables and letters from Theatre Commanders and other authorities. These can be made available but on account of their number and for code security reasons paraphrased summaries have been provided.

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OSS MISSION IN GREAT BRITAIN:

OSS maintains a small unit in Great Britain, operating at the request of the CG, USFET and under the immediate command of the CG, UK base USFET. This unit is engaged in intelligence liaison with British Intelligence Services necessary in support of the OSS missions to Germany and Austria. Both positive intelligence and counter-espionage information procured by the British Special Services are available to the United States only through OSS Liaison at the British Headquarters in England. Information thus procured is disseminated to United States authorities in Germany and Austria and also forwarded to Washington for dissemination to appropriate Government Departments. OSS cooperates with the British Special Services in maintaining a central record of all German intelligence personalities, including those of all nationalities throughout the world. Information is forwarded to this central record from sources in every country and the file serves as a central point of reference on the German Intelligence Service for both United States and British Commanders in Germany. A group of approximately 50 professional, research, and clerical personnel are assigned to the OSS Mission in Great Britain to assist the Office of the Chief of United States Counsel for the prosecution of war criminals. This group will continue active until the prosecution is completed.

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1. The major functions and responsibilities of the Office of Strategic Services in the European Theater include:

(a) Secret intelligence and counter-intelligence, and the evaluation and dissemination of such intelligence of authorized agencies.

(b) Preparation of studies based on information derived from secret and overt sources.

(c) Establishment and maintenance of necessary liaison with Allied and other agencies.

2. OSS Missions for Germany, France and Great Britain, and certain other countries in the European Theater, as indicated in Paragraph 3, below, have been established in order to carry out in the European Theater the functions and responsibilities described in Paragraph 1, above.

3. For purposes of administration and supply, the OSS Mission for Germany is attached to USFET, the OSS Mission for France is attached to U. S. Theater Service Forces, European Theater, and the OSS Mission for Great Britain is attached to U. K. Base. OSS sub-missions for the Netherlands, Belgium and Norway will be attached for administration and supply either to the USFET missions to these countries or to the appropriate section of U. S. Theater Service Forces, European Theater, as may be determined by USFET. OSS representatives in Switzerland, Sweden and Denmark form part of the U. S. Diplomatic Missions to these countries.

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4. All OSS operations directed towards Germany, or towards intelligence objectives of OSS Mission for Germany, are coordinated and supervised by the Chief, OSS Mission for Germany.

5. The Chief, OSS Mission for Germany, acting through OSS Detachment, USFET, or directly, represents OSS, European Theater, in all matters affecting relations between Headquarters USFET and any OSS missions or sub-missions subject to USFET control.

6. The functions and responsibilities of the OSS Missions and sub-Missions, European Theater, with the exception noted hereafter will be carried out under the Commanding General, USFET, acting through the A C of S, G-2. The functions and responsibilities of the OSS Missions and sub-Missions, European Theater, insofar as they relate to the work of USGCC (Germany), will be carried out under the Commanding General, US Group CC (Germany), acting through the Director of Intelligence.

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OSSE MISSION TO GERMANY

OSSE in Germany is engaged exclusively in intelligence activities carried out at the request of and under the command of the Commanding General, USFET. These intelligence activities service the Commanding General, the Deputy Military Governor, the United States Group of the Control Council, and the Military Government authorities in the United States Zone of Occupation. Secret intelligence is procured by clandestine means, and is designed to obtain information on the activities, intentions and capabilities of other Nations, both in Germany and in other areas related to Germany. Intelligence thus procured includes information on political, economic, psychological and military matters. Under the direction of G-2, CIC, a counter-espionage program is carried out to uncover the remaining members of the German Intelligence Service, including those of all Nationalities, as well as to determine those individuals and elements of the German population that remain hostile. A limited number of research specialists analyze and correlate information from all sources in the preparation of basic studies for the United States Group of the Control Council. These research specialists also assist in the determination of intelligence directives for clandestine intelligence activity.

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OSS MISSION TO FRANCE

OSS maintains a small mission in France at the request of the CG, USFET, and under the immediate command of the CG, U.S. Theater Service Forces, European Theater. This mission carries on intelligence liaison with the French Special Services. Information thus procured is available to the United States only through OSS and is of importance to United States authorities in Germany and Austria as well as to appropriate Government Departments in Washington. A small unit of counter-espionage personnel works in cooperation with the French Service and the OSS German and Austrian Missions in unmasking remaining members of the German Intelligence Service both in France and other liberated areas of Western Europe. Some of these German intelligence personnel are German; many are of other Nationalities. A few research specialists analyze information necessary for the OSS German and Austrian missions as well as for Research activities carried out in Washington. OSS also maintains professional and clerical personnel serving on the staff of the Paris Office of the United States Chief of Counsel for the prosecution of war crimes.

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OSS MISSION, AUSTRIA:

The OSS Mission in Austria is engaged in intelligence activities at the request of, and under the direction of, the Commanding General, United States Forces in Austria. The Commanding General is serviced both in his capacity as the United States member of the Control Commission for Austria, and as Commanding General of the Forces of Occupation in the United States Zone. Secret intelligence is obtained through clandestine means with emphasis primarily on procuring information on the activities, intentions and capabilities of other Nations, both in Austria and other areas. Intelligence thus procured includes political, economic, psychological and military information. Under the direction of G-2, CIC, a counter-espionage program is conducted to uncover the remaining members of the German Intelligence Service, including those of all nationalities, as well as those individuals and elements in the population which remain hostile. A small number of research specialists assist in determining intelligence directives for clandestine activity. These specialists also analyze and correlate information from all sources in basic studies prepared for the United States Group of the Control Council and the Military Government authorities in the United States Zone of Occupation.

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OSS MISSION TO ITALY:

OSS maintains a small unit in Italy at the request of and under the Command of the CG, MTO. Under the supervision of G-2, CIC, this unit is engaged in counter-espionage directed toward unmasking the members of the German Intelligence Service in Italy (including those of German, Italian and other nationalities), as well as determining those individuals who are hostile to the United States. A small group of research specialists analyze and correlate economic, political and psychological information on Italy for United States authorities in AFHQ and the Allied Commission. A base is maintained in Italy to service the few OSS personnel engaged in intelligence activities under the United States representatives on the Control Councils for Rumania and Bulgaria.

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OSS MISSIONS IN NEUTRAL EUROPEAN COUNTRIES AND AFRICA:

OSS maintains small missions in Switzerland, Sweden and the Iberian Peninsula and has a few personnel stationed at various points in Africa. A few representatives are also located in the Liberated Countries of Western Europe. In every instance these missions serve as bases for procurement of information by clandestine means on the aims, intentions and capabilities of countries other than those in which the mission is located. In addition, secret intelligence and counter-espionage experts carry on liaison and exchange of information with representatives of the intelligence services of the Country in which the mission is located. Counter-espionage representatives cooperate in uncovering remaining members of the German intelligence services, including those of all nationalities. They also seek to determine those individuals who are representatives of the intelligence services of other Countries, as well as those who are actively hostile to the United States. In each country the OSS Mission is under the overall supervision of the Chief United States diplomatic representative to the Country and personnel are only placed in the Mission with his approval.

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OSS MISSION IN NEAR EAST:

OSS maintains a Mission in the Near East with headquarters at Cairo under the command of the Commanding General, Africa-Middle East Theater. The OSS Mission is engaged in intelligence activities in the Near East, Middle East, and Greece. These activities include the procurement of information through clandestine means on the aims, intentions and capabilities both of the countries in the area and of other nations interested in the area. Such information is disseminated both to the CG, AMET, and to appropriate U. S. Government departments through the OSS Headquarters, Washington.

Counter-espionage experts work throughout the area to ascertain what individuals are representatives of the intelligence services of other nations as well as to uncover individuals actively hostile to the United States. In cooperation with OSS Missions in Germany, Austria, and Great Britain, remaining members of the German Intelligence Service are also uncovered. A few research specialists analyze and correlate political, economic and psychological information from all sources to assist in the direction of clandestine intelligence. These specialists also procure and analyze information from overt sources required by those engaged in research at OSS Headquarters in Washington.

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with the cessation of hostilities in China and India-Burma Theaters similar post hostilities intelligence requirements comparable to those in the European area immediately followed the wartime needs. Details of these requirements and the source of requests for same are given below.

China Theater

The OSS post hostilities program in the China Theater as established by the United States Theater Commander is as follows: to keep the Theater Commander informed on movement of Chinese troops to occupational areas, movement of Japanese troops, attitude of Japanese troops toward the surrender, extent of compliance with surrender instructions by Japanese troops, actions and attitude of Chinese Communist forces, information on Japanese agents, collaborators and war criminals, contacts with prisoners of war and internee camps, gathering and processing documentary material, and gathering all types of information to indicate the extent of Japanese intelligence regarding the Allies. The Theater Commander has stated, "It is believed that with your extensive intelligence network, the above can be accomplished successfully."

In our opinion, the next few months in China will afford most important opportunities for gathering, by OSS techniques and through OSS sources, of substantial quantities of intelligence

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China Theater (Continued)

and counter-intelligence information of lasting value.

The Theater Commander has stated his desire to continue the OSS intelligence organization and network at full strength for an estimated 90 to 120 days. In addition, the continued availability of the extensive OSS communications network has been declared necessary in the China Theater by the Commanding General as long as American Officers or personnel are located in this area for the reason that no other similar American communications network is in existence.

India-Burma Theater

The OSS post hostilities program in the India-Burma Theater as approved by the Commanding General of the United States Army Forces in that theater calls for the maintenance of intelligence teams in Singapore, in Siam, in French Indo-China, and in the Dutch East Indies, and reduced headquarters and services organizations to support these teams. The immediate objectives of these teams, as approved by the United States Theater Commander, are to contact American prisoners of war and arrange their release and transportation, to check American properties and installations, to investigate war crimes, and to provide local intelligence for Allied

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India-Burma Theater (Continued)

occupation forces. In general, this intelligence will relate to Japanese compliance with surrender orders, with the furnishing of topographical and other local information to the Allied occupation forces when they arrive, with the furnishing of guides and interpreters to the occupation forces and, in case of further Japanese resistance or non-compliance with surrender orders, to coordinate action of resistance forces with action of Allied occupation troops as required by the Allied Commander in the particular area. The United States Theater Commander has stated that OSS is the only United States organization available in the theater of the type necessary to fulfill this assignment.

On a more basic level it is contemplated that foundations will be laid for long-range economic and political intelligence and for counter-espionage activity.

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To conduct these requested and necessary temporary overseas functions, a Washington organization must be maintained for the following reasons:

By 1 December 1945 it is contemplated that 1,690 personnel will be required in the Continental United States to support intelligence activities in the field and to maintain such administrative and technical services as may be necessary to the effective discharge of these activities until such time as they can be taken over by some other agency.

The servicing of field installations will require the maintenance of a staff of experts in Washington to process intelligence from the field. This work includes the editing, evaluation and dissemination of intelligence and counter-intelligence; research and analysis; the compilation of reports and studies in fulfillment of requests from other agencies; and providing field units with directives, target objectives and policy instructions.

To support intelligence activities in the field it will in addition be necessary to provide personnel for essential administrative and technical services. While we will be able to maintain these services on a greatly reduced scale, communications facilities will have to be provided, supplies will have to be procured and shipped, physical security of all installations will have to be maintained and units will be required for the administering of all personnel and fiscal matters.

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In this connection it should be pointed out that the value of intelligence activities in the field is to a large extent dependent upon the existence of an organization in the Continental United States which can coordinate these activities and correlate all information. Our experience has shown that such an organization is essential to the preparation of an accurate overall report on any problem of importance to the national interest and security, and it is only through being able to call upon the facilities and resources of a parent organization that field intelligence teams can operate with the highest degree of success.

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With the realization that with the cessation of hostilities and the successful conclusion of the war, the activities of the Office of Strategic Services are limited to the temporary perpetuation of intelligence and some necessary other functions pending the determination of how and where such permanent functions may exist, General Donovan has requested authority to liquidate the agency as of January 1, 1946, or at the latest February 1, 1946. Attached hereto is letter of General Donovan addressed to the Director, Bureau of the Budget, dated 25 August 1945..

The orderly liquidation of the Office of Strategic Services will provide a greatly reduced organization on December 1, 1945. During period to this date, the proper authorities will have the opportunity to decide whether any portion of the agency should be used for continuation of this type of intelligence. If not, liquidation will be complete as near to January 1, 1946, as possible.

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The Office of Strategic Services was established as a War Agency to provide not only intelligence, both overt and covert, but also to engage in certain special operations for war operations including the following:

(1) Operational Group Command. The Operational Group Command selected and trained operational nuclei for the activities of resistance groups in carrying out guerrilla operations; furnished fighting officer patrols to invasion commanders; and attacked selected targets.

(2) Special Operations Branch. The Special Operations Branch planned and executed approved special operations such as promoting, organizing and equipping resistance groups; organized, trained, and employed operational nuclei for guerrilla warfare; instructed and employed Allied agents in modern methods of sabotage; furnished the implements and weapons of resistance for these activities; and conducted such other special operations not assigned to other Government agencies and not under the direct control of the Theater or Area Commanders.

(3) Morale Operations Branch. The Morale Operations Branch organized and carried out all measures of subversion other than physical to undermine the morale of the enemy, create confusion and division, weaken his political unity, and impair his fighting capacity by divers

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means, including: false rumors, "freedom stations", false leaflets and documents, and the organization and support of fifth column activities by grants, trained personnel, supplies and the use of agents. These operations were conducted within enemy occupied or enemy-controlled countries, and from neutral areas, or wherever such actions or counter-actions could be effective against the enemy. In order to aid in the accomplishment of these objectives M.O. maintained liaison with all other agencies interested in or related to its activities.

(4) M.U. Branch. The M.U. Branch, in conjunction with operational plans of S.O., M.O., and S.I., planned maritime operations to be carried on in the field; collaborated with the Office of Research and Development in the development for training and use in the field and for training purposes in the United States of such special equipment and supplies as would be necessary to carry out maritime operations; acted as a consultant on all proposals and plans for operations of a maritime nature; furnished necessary trained personnel for maritime operations in the field and for training purposes in the United States; and gathered intelligence for maritime operations.

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(5) Special Projects Office. The Special Projects Office carried out special assignments and missions as approved by the Director of Strategic Services, under the administrative direction of the Deputy Director - SSO.

(6) Field Experimental Unit. The Field Experimental Unit, a relatively new activity of OSS, carried out special secret missions as assigned by the Director of Strategic Services; and acquainted the various Theater Commanders, through demonstrations and otherwise, with certain special devices developed by OSS.

With the successful close of the war, the necessity for the continuation of the above operations ceased and they are being liquidated as rapidly as their world-wide diversification will permit, with the exception that certain Morale Operations must be temporarily continued as shown. In addition to these special operations, the Office of Strategic Services conducted certain Technical Services operations necessary not only for special operations as listed but also for intelligence. These are being liquidated except in cases where they are required for post hostilities intelligence or for special activities such as the OSS participation in War Crimes prosecution requested by Justice Jackson.

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The immediate termination of the agency would cost a minimum of \$6,000,000. It is therefore proposed that approximately \$4,000,000 more be expended to complete necessary intelligence operations overseas. During the period of liquidation, at least until December 1, 1945, sufficient will remain in the form of an intelligence organization which can be converted into a permanent operation if desired.

The aforementioned intelligence operations are already underway as requested by the various Theater Commanders and if immediately terminated cannot be transferred to or assumed by another organization as none exist.

With the purpose of accomplishing the foregoing purposes as economically and as efficiently as possible, it is proposed that in accordance with the following statement \$9,500,000 of the present OSS appropriation be returned to the Treasury.

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Appropriation available to July 1, 1946.	20,000,000
Deduct:	
Expenditure July 1 to August 21, 1945.	<u>830,000</u>
Unexpended balance, August 21, 1945.	19,170,000
Deduct:	
Estimated outstanding obligations, August 21, 1945.	<u>3,210,000</u>
Unobligated balance, August 21, 1945	15,960,000
Deduct:	
Estimated obligations, August 21, 1945 to January 31, 1945	<u>6,460,000</u>
	9,500,000
Add:	
Estimated savings through reimbursement and cancellation of obligations that augment the above appropriation	<u>none</u>
Amount to be returned to Treasury	<u><u>\$ 9,500,000</u></u>

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Following please find a historical statement of OSS appropriations and general reasons for the amount requested to be retained.

The Office of Strategic Services received an appropriation of \$35,000,000 for the Fiscal Year 1944, which totally obligated during that Fiscal Year. For the Fiscal Year 1945, \$57,000,000 was appropriated of which \$14,000,000 was withdrawn, leaving a balance of \$43,000,000, the full amount being obligated. The appropriation for the Fiscal Year 1946 is \$20,000,000, \$10,000,000 of which is available for expenditure for confidential purposes.

Obligations as of 21 August 1945 amounted to approximately \$4,040,000. This amount includes only a small portion of the obligations that have been incurred in the foreign field. The lag in reporting these obligations to Washington averages anywhere from one to three months. There is also a considerable lag in the reporting of unvouchered funds expenditures. If all actual obligations were known as of this date, the above amount would amount to approximately \$5,000,000. It is estimated that an additional sum of \$5,500,000 will be necessary to cover the costs of operation and liquidation in accordance with the program referred to in the letter addressed to the Director of the Bureau of the Budget under date of 25 August 1945.

Included in these estimates are allowances for lump sum payments for terminal

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leave, (\$630,000), payment for overtime performed under the Federal Employees Pay Act of 1945 (\$175,000), an estimate of \$250,000 for work performed in connection with War Crimes and \$500,000 for meeting expenses of operation in the United Kingdom and the India-Burma Theater previously covered by reverse Lend Lease. Operation costs in both the United Kingdom and the India-Burma Theater, such as maintenance of buildings, utilities and rents, gasoline, etc., were supplied by the British Government on reverse Lend Lease at no charge against the OSS appropriation. With the cessation of all Lend Lease, these expenses will be on a cash basis. These items total \$1,555,000 and none of them were taken into consideration at the time the appropriation of \$20,000,000 was made for the Fiscal Year 1946.

The work performed in connection with war crimes is at the request of the Honorable Robert H. Jackson, Chief of Counsel, Office of the United States Chief Counsel for Prosecution of Axis Criminality. The work in general consists of giving legal assistance, receiving evidence, preparing briefs and cases, conducting various phases of interrogations and trials; collecting, evaluating, and presenting all types of evidence; conducting certain select investigations, etc.

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In terms of personnel, and the drastic reductions contemplated and already in process, the following contraction of personnel is contemplated:

Every effort is being made to effect a drastic reduction of all types of personnel immediately. The program calls for approximately seventy per cent reduction in total personnel by 1 December 1945. The total complement of 12,724 as of 31 July 1945 will be reduced to 3,760, which amounts to a total reduction of 8,964 employees. The percentage of reduction will be greater for the armed service personnel than for the civilian personnel.

The overall reduction is to be applied geographically as follows:

	<u>Total Personnel</u> <u>31 July 1945</u>	<u>Proposed</u> <u>Reduction</u>	<u>Total Personnel</u> <u>1 December 1945</u>
<u>Washington</u>			
Administration	1,380	1,030	350
Intelligence	1,376	741	635
Secret Operations	389	339	50
Technical Operations	523	323	200
Administrative Services	760	360	400
War Crimes	10	-	10
Total Washington	<u>4,438</u>	<u>2,793</u>	<u>1,645</u>

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	<u>Total Personnel 31 July 1945</u>	<u>Proposed Reduction</u>	<u>Total Personnel 1 December 1945</u>
New York	<u>145</u>	<u>100</u>	<u>45</u>
Pacific Coast	<u>329</u>	<u>329</u>	<u>-</u>
Hawaii	<u>152</u>	<u>152</u>	<u>-</u>
Total - Continental United States	<u>5,064</u>	<u>3,374</u>	<u>1,690</u>
European Missions	2,322	1,427	895
Mediterranean Missions	940	880	60
Near East Missions	238	123	115
India-Burma Mission	1,511	1,211	300
China Mission	<u>2,649</u>	<u>1,949</u>	<u>700</u>
Total - Foreign Field	<u>7,660</u>	<u>5,590</u>	<u>2,070</u>
Grand Total	<u>12,724</u>	<u>8,964</u>	<u>3,760</u>

Intelligence operations, being the most important function of the agency, will be reduced on a gradual scale. The rate of reduction will be governed by the rate of execution of present commitments and future requests by authorized persons and agencies for intelligence service. It is more apparent than ever before that this function should be continued as long as possible in order to carry on services as previously listed with the requesting sources.

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According to plans the Strategic Services Operations group of branches will be liquidated immediately with the exception of a very small nucleus which will remain temporarily to perform certain functions in connection with intelligence activities.

Administration, Technical Operations, and Administrative Services groups provide essential specialized services to the Intelligence and Strategic Services Operations groups. Since the Strategic Services Operations group are being liquidated immediately there will be less personnel and operations to service. Therefore, these service functions will be reduced at a rapid rate.

The Office of Strategic Services employs Army, Navy, Marine Corps, Coast Guard, and civilian personnel in its general operations. The type of personnel, armed service or civilian, used in connection with specific projects is determined by the nature of such projects as the time of execution. Armed service personnel are procured under allocations approved by the Joint United States Chiefs of Staff.

Civilian personnel are employed in three categories:

(a) Employees hired in accordance with Civil Service rules and regulations and classification laws who are paid from regular funds. As of 31 July 1945, 2,189 were employed in this category.

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(b) Employees hired without regard to Civil Service and classification laws, but who were paid from this agency's non-secret exempt funds. As of 31 July 1945, 488 of the vouchered funds civilian employees fall within this category: and

(c) Civilian employees hired for secret and confidential work, either within the continental limits of the United States or outside, who are paid from this agency's secret exempt funds. As of 31 July 1945, 752 employees were employed from this type of funds; 190 within the continental limits of the United States and 562 in the foreign field.

On 31 July 1945 the Office of Strategic Services carried a combined civilian and armed service complement of 12,724; 3,429 civilian and 9,295 armed service. Since the cessation of hostilities on the European front, large numbers of personnel, both service and civilian, have been returned or are being processed for return to this country for the termination or release. Similarly, the immediate return of surplus personnel after V-J Day is being processed in the China and India-Burma Theaters. These reductions presently being accomplished are shown in the overall reduction table on page 25. Due to time required for return to this country and for processing,, actual reductions in book figures are just beginning to reach proportions planned.

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Plans are now in process for an immediate reduction of armed service personnel by approximately 50 per cent. Plans are also being made for a reduction of civilian personnel in the Continental United States to a total of 1,000 as near to 30 September 1945 as possible in order to comply with the personnel ceiling established by the Bureau of the Budget.

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Comparison of Personnel
as of
7-31-45 and 12-1-45

UNIT OF ORGANIZATION	7-31-45	REDUCTION	12-1-45
Director's Office-SSO-Chiefs of Mission	26	13	13
History Project	6	6	6
Special Service Unit	17	12	5
Executive Office	15	7	8
Secretariat	22	13	9
Reports Office	9	9	-
Registry	77	12	65
General Counsel	29	20	9
Board of Review	3	3	-
Planning Group and Staff	20	20	-
OSS Theater Office	7	1	6
Security	69	47	22
Special Relations	3	-	3
Hdq. & Hdq. Detachment	632	506	126
Hdq. Detachment	7	1	6
Naval Command	22	12	10
Schools and Training	272	251	21
Deputy Director - Personnel	19	19	-
Personnel Procurement & Civ. Personnel	92	45	47
Civilian Personnel Pool	33	33	-
Total - Administration	1,380	1,030	350
Deputy Director - Intelligence	17	12	5
X-2	146	101	45
S.I.	286	206	80
CD	19	14	5
Research and Analysis	861	361	500
Foreign Nationalities	47	47	-
Total - Intelligence	1,376	741	635
Deputy Director - SSO	20	20	-
Special Projects	109	109	-
F. E. U.	39	39	-
S.O.	36	26	10
M.O.	66	26	40
M.U.	8	8	-
O.G.	111	111	-

Research and Development
Communications
Field Photographic
Presentation
Chief Surgeon

	389	339	
	28	28	-
	253	103	150
	119	89	30
	82	72	10
	41	31	10
Total - Technical Operations	523	323	200
Total - Administrative Services	760	360	400
Total - War Crimes	10	-	10
Total - Washington New York	4,428	2,793	1,635
Pacific Coast	145	100	45
Hawaii	329	329	-
	152	152	-
Total - Continental U. S.	5,064	3,374	1,690
Total - ETO	2,322	1,427	895
MTO	940	880	60
NETO	238	123	115
India-Burma	1,511	1,211	300
China	2,649	1,949	700
Total - Foreign Field	7,660	5,590	2,070
Grand Total - OSS	12,724	8,964	3,760

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The personnel program previously given and the eventual termination of the agency on May 1, 1946, or on February 1, 1946, at the latest, is based on a reduced personnel and functional complement by December 1, 1945, which will permit either by that date or prior to same determination whether a permanent continuation of national, unified intelligence should be based on a basis to be determined by the appropriate authorities.

An immediate dissolution or termination of OSS would not only prevent the temporary continuation of required intelligence activities as previously shown but would also eliminate the possibility of utilizing an experienced professional complement of proven ability for any permanent centralization or diversification of intelligence that may be decided.

Attached please find an organizational chart of the agency and a detailed statement by function, and location, showing detailed allocation of the proposed \$10,500,000. There is attached an extract of the present appropriation language.

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OFFICE OF STRATEGIC SERVICES

Salaries and expenses: For all expenses necessary to enable the Office of Strategic Services to carry out its functions and activities, including salaries of a Director at \$10,000 per annum, one assistant director, and one deputy director at \$9,000 per annum each; not to exceed \$3,500 for deposit in the general fund of the Treasury for cost of penalty mail as required by section 2 of the Act of June 28, 1944 (Public Law 364); travel expenses, including expenses outside the United States without regard to the Standardized Government Travel Regulations and the Subsistence Expense Act of 1926, as amended (5 U.S.C. 821-833), and any general provision for the Fiscal Year 1946 to the contrary; preparation and transportation of the remains of officers and employees who die abroad or in transit, while in the dispatch of their official duties, to their former homes in this country or to a place not more distant for interment, and for the ordinary expenses of such interment; rental of news-reporting services; purchase of or subscription to commercial and trade reports; the rendering of such gratuitous services and the disposition, free or otherwise, of such materials as the Director deems advisable; purchase or rental and operation of photographic, reproduction, duplicating and printing machines, equipment, and devices and radio-receiving and radio-sending equipment and devices; maintenance, operation, repair, and hire of motor-propelled

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OFFICE OF STRATEGIC SERVICES

or horse-drawn passenger-carrying vehicles and vessels of all kinds; printing and binding; exchange of funds without regard to section 3651, Revised Statutes (31 U.S.C. 543); purchase and free distribution of firearms, guard uniforms, special clothing, and other personal equipment, the cost of a compartment or such other accommodations as may be authorized by the Director for security when authorized personnel are required to transport secret documents or hand baggage containing highly technical and valuable equipment; \$20,000,000, of which amount such sums as may be authorized by the Bureau of the Budget may be transferred to other departments or agencies of the Government, either as advance payment or reimbursement of appropriation, for the performance of any of the functions or activities for which this appropriation is made: PROVIDED, That \$10,500,000 of this appropriation may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds or the employment of persons in the Government service, and 10,000,000 of such 10,500,000, may be expended for objects of a confidential nature, such expenditures to be accounted for solely on the certificate of the Director of the Office of Strategic Services and every such certificate shall be deemed a sufficient voucher for the amount therein certified.

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OFFICE OF STRATEGIC SERVICES

Comparative Statement of Estimated Obligations by Functions

	<u>1945</u>	<u>1946</u>
Administration	\$ 3,174,087	\$ 1,045,290
Intelligence	14,077,949	4,098,090
Secret Operations	7,038,869	1,030,980
Technical Operations	7,368,328	1,801,180
Administrative Services	10,440,767	2,276,460
War Crimes	-----	<u>250,000</u>
Total	<u>43,000,000</u>	<u>\$10,500,000</u>

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OFFICE OF STRATEGIC SERVICES

Estimated Obligations by Theater
Fiscal Year 1946

Continental United States	\$ 4,640,000
Hawaii	10,000
ETO Missions	1,700,000
MTO	200,000
NETO	200,000
India-Burma	750,000
China	<u>3,000,000</u>
Grand Total	\$10,500,000

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OFFICE OF STRATEGIC SERVICES

Comparative Statement of Estimated Obligations
by Object Class of Expenditure

	<u>1945</u>	<u>1946</u>
01 Personal Services	8,049,629	3,497,420
02 Travel	2,023,987	1,217,515
03 Transportation of Things	216,821	72,900
04 Communications	538,256	177,150
05 Rents and Utilities	251,478	170,695
06 Printing and Binding	115,893	50,000
07 Other Contractual Services	1,234,585	327,085
08 Supplies and Materials	4,343,739	937,125
09 Equipment	7,725,612	1,300,110
00 Unvouchered Funds	<u>18,500,000</u>	<u>2,750,000</u>
Total	<u>43,000,000</u>	<u>10,500,000</u>

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Objects

02 TRAVEL

\$1,217,515

The estimates for travel included hereinafter have been made with due consideration to the following elements:

- (1) For transportation charges and per diem of civilian employees, both in the United States and abroad;
- (2) For per diem and cash fares of Army personnel, both in the United States and abroad, by reimbursement to the War Department;
- (3) For the return of civilian and armed service personnel from overseas because of accomplishment of assignments and closing of outpost offices;
- (4) For increased travel charges of civilian and military personnel directly due to curtailment of lend lease activities;
- (5) OSS pays no portion of the cost of transportation or per diem for its Naval personnel, this cost being borne by the Navy Department
- (6) OSS uses free transportation (transportation via U.S. owned and operated facilities) whenever possible; and
- (7) Actual experience figures of OSS have been used in arriving at the estimates.

Estimated obligations 1946

1,217,515

Actual obligations to 30 June 1945

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\$2,023,087

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Objects

\$327,085

07 OTHER CONTRACTUAL SERVICES

For repairs, maintenance and operation of passenger motor vehicles within the continental United States.

For maintenance of properties occupied or leased by OSS in Washington and vicinity, or those under control of PBA.

For construction of special equipment by PBA and private contractors needed in connection with special activities.

For maintenance and repairs to buildings and structures occupied by OSS for training activities.

For payments to agencies for investigation reports.

For hire of facilities and medical services for special treatment of OSS employees and trainees in camps and stations of OSS and in isolated areas.

For the rental, repair and maintenance of equipment; alterations to space, and installation of equipment.

For the rental of miscellaneous motion picture equipment, repairs and maintenance of the laboratory for the Field Photographic Branch.

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Objects

07 OTHER CONTRACTUAL SERVICES - Continued

For services to be performed for the Communications Branch in the major field bases and sub-stations by engineers, designers and manufacturers in the development of special equipment, and by radio and technical experts in the Branch operations in foreign lands.

For the procurement of extraordinary and special services; procurement of technical services for special projects; and procurement of intelligence material available only through special contract or considerations.

For the purchase of information relating to particular foreign political situations in the United States.

For alterations, installations, repairs and maintenance of reproduction equipment.

For special services of individuals on reports.

For New York Office maintenance, repairs and alterations.

For contractual services, Pacific Coast Area, including maintenance, repairs and equipment rental.

For maintenance and other contractual services in the theaters of operations.

Estimated obligations to 1 February 1946

\$327,085

Actual obligations 30 June 1945

\$1,234,585

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Objects

08 and 09 SUPPLIES - EQUIPMENT

The estimates for supplies and equipment set forth on the following pages include only those items for which the Office of Strategic Services will be required to pay. The Office of Strategic Services does not reimburse the War Department for items of standard Army supply and equipment, although it is required to reimburse the Navy Department for such material. The Office of Strategic Services is required to pay for all non-standard material, Army or otherwise, including specially developed OSS items, etc.

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Objects

08 SUPPLIES AND MATERIALS

\$937,125

For supplies, Washington departmental service.

For bulk shipments of supplies and materials to the field and theater offices.

For building materials and supplies for the maintenance of buildings in Washington and vicinity.

For special materials and supplies used in Research and Development activities

For non-standard military supplies, per OSS catalog of requirement. (This covers special items for which details will be furnished upon request)

For special stock room items of supply issued to field representatives of OSS, not included in OSS catalogue. (Details of this item will be supplied upon request)

For special badge and pass making supplies, Security Office.

For medical supplies, OSS Washington, camps, stations and training areas.

For map making and artists' supplies for the Map Division.

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Object

SUPPLIES AND MATERIALS--Continued

For the purchase of books, periodicals, newspapers, etc., including all incidental reference material.

For photographic supplies and materials used by the Field Photographic Branch in Washington and for issue to field crews operating out of Washington, D. C.

For supplies and materials used in the Reproduction Branch, including inks, paper, chemicals, film, etc.

For supplies and materials used by the Schools and Training Branch required to maintain and operate training programs as required by various branches of OSS.

For supplies and materials including wire, cables, tubes and miscellaneous parts used for communications construction and maintenance.

For office reproduction and miscellaneous supplies for the New York Area office.

For office supplies and miscellaneous materials, including books, periodicals, stationery, etc. for the Pacific Coast Area.

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Objects

08 SUPPLIES AND MATERIALS - Continued

For photographic supplies and materials used by Field Photographic theater headquarters and field crews.

For administrative, map making and reproduction supplies and materials required by the theater offices.

Estimated obligations to 1 February 1946

037,125

Actual obligations to 30 June 1945

\$4,343,739

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Objects

09 EQUIPMENT

\$1,300,110

For equipment for the Washington office, including desks, chairs, files, safes, tables, side chairs, typewriters, adding machines, etc.

For special OSS equipment included as non-standard in the OSS Supply Catalog.

For special equipment used in connection with R & D activities.

For the purchase of special medical equipment.

For the purchase of special map and model making equipment.

For photographic equipment to equip new crews and to replace lost, destroyed or worn-out equipment.

For new and replacements for worn-out reproduction equipment.

For equipment required by the fixed main base communications stations and sub-base stations; re-equipping operating field communications stations; and replacing lost, destroyed and abandoned communications equipment.

For special equipment required for the OSS training programs.

For the replacement of irreparably damaged, worn-out and obsolete equipment by the New York Office.

For administrative equipment required by the Pacific Coast Area Office.

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Objects

09 EQUIPMENT - Continued

For administrative, map making and reproduction equipment for the theater offices.

Estimated obligations to 1 February 1946	\$1,300,110
Actual obligations through 30 June 1945	\$7,723,612

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Objects

00 SPECIAL FUNDS

\$2,750,000

The Office of Strategic Services will require, as in previous years, a portion of its funds in such form that they may be expended without regard to the provisions of law and regulations relating to the expenditure of funds or the employment of persons. The need for such funds for confidential purposes, authorized solely on the certificate of the Director, will amount to a total of \$2,750,000 for expenditure within the continental limits of the United States.

The total OSS requirements for Special Funds for the fiscal year 1946 are broken down as follows:

For personnel services within the continental United States, including overtime, consultants costs and temporary employees.

For travel of personnel within the continental United States, including per diem and transportation, and the cost of travel to overseas stations.

For transportation of things

For special communications facilities

For rents and utilities

For printing and binding

For other contractual services

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OFFICE OF STRATEGIC SERVICES

Justification of Estimates - Other Objects

OO SPECIAL FUNDS - Continued

For supplies and materials

For equipment

Estimated obligations to 1 February 1946

2,750,000

Actual obligations through 30 June 1946

218,500,000

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